Newfoundland Labrador

Department of Finance

Pension Investment Committee

2009 Activity Report

June 2010

Table of Contents

MESSAGE FROM THE CHAIR i

1.0 Overview

- 1.1 Pension Investment Committee 1
- 1.2 Mandate 2
- 1.3 Legislation 2
- 1.4 Lines of Business – Investment of Pension Plan Contributions 2
- 1.5 Values 2
- 1.6 Primary Clients and Stakeholders 2
- 1.7 Vision 3
- 1.8 Mission 3
- 1.9 Key Statistics 3
- 1.10 Contributions and Payments 4

2.0 Activities 5

- 2.1 Issue 5
- 2.2 2009 Objective 6
- 2.3 2009 Results 7
- 2.4 2010 Objective 8
- 2.5 2010 – The Year Ahead 8

3.0 Financial Statements 9

4.0 Contact Information 35

PENSION INVESTMENT COMMITTEE
OF THE
PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED
PENSION FUND
P.O. Box 8700
St. John's, NL
A1B 4J6

Honourable Thomas W. Marshall, QC
Minister of Finance
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL A1B 4J6

Dear Minister Marshall:

As the Chair of the Pension Investment Committee (PIC), I am pleased to submit the 2009 Annual Report for the Committee. This Report was prepared under the direction of the PIC and the PIC is accountable for the results contained herein.

The PIC of the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) has been overseeing the management of the Fund since its inception in 1981. Throughout that period, the performance of the Fund has contributed to the reduction in the unfunded liabilities of the five participating pension plans sponsored by government. Ensuring that the assets are invested in a prudent manner within acceptable risk tolerances has been the guiding principle for the PIC and its success is evident in the 10.0 percent average annual rate of return earned by the Fund.

With Canadian and international investment markets recovering from the global financial crisis, 2009 proved to be one of the most favourable years in the history of the Fund. With the 18.9% overall rate of return earned by the Fund slightly above the composite rate of return for the key market indices, it is anticipated that this will have a positive impact on the long-term investment goals established by the PIC.

Prudent management of the Fund by the PIC with a view to earning excess returns is consistent with the strategic direction of Government to help improve the funded status of the pension plans sponsored by the Province.

Sincerely,

Terry Paddon
Chair of the Pension Investment Committee
Of the Province of Newfoundland and Labrador Pooled Pension Fund

1.0 Overview

1.1 Pension Investment Committee

The Pension Investment Committee (PIC) advises the Minister of Finance, as Trustee, on the operation and the investment of the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund). The Fund was established to finance benefits under the various Government sponsored pension plans, including the Public Service Pension Plan, the Teachers' Pension Plan, the Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

The PIC has 15 members comprised of representatives from Government and the plans' stakeholders, including employee groups and pensioners, with the Deputy Minister of Finance as the Chair. Responsibilities of the PIC include the review of all the financial activities of the Fund; the development, review and implementation of Fund objectives and investment strategies; and the recommendations for the appointment of investment consultants, a custodian and investment managers as required.

The PIC also oversees the operations of Newvest Realty Corporation (Newvest). Newvest was established solely to facilitate the Fund's investment in real estate. The activities of Newvest are included as part of the activities of the PIC.

Pension Investment Committee
(as of December 31, 2009)

Government Representatives:	
Terry Paddon, Chairperson	Deputy Minister of Finance
Laurie Skinner, Vice-Chair	Assistant Deputy Minister, Financial Planning and Benefits Administration, Department of Finance
Ron Williams	Comptroller General
Ramona Cole	Assistant Deputy Minister, Corporate Services, Department of Education
Maureen McCarthy	Director, Pension Administration
Paul Myrden	Director, Debt Management
Vacant, Secretary	Manager, Pension Investments
Employee/Pensioner Representatives:	
Bert Blundon	Newfoundland and Labrador Association of Public and Private Employees
Debbie Forward	Newfoundland and Labrador Nurses' Union
Edward Hancock	Newfoundland and Labrador Teachers' Association
Sharon King	Association of Allied Health Professionals
Keith Rees	Public Sector Managers' Association
Eric Salter	Newfoundland and Labrador Public Service Pensioners' Association
Dawn Learning	Canadian Union of Public Employees
Non-Government Representative:	
Roger Crosbie	Private Sector Representative

1.2 Mandate

The mandate of the PIC, pursuant to the *Pensions Funding Act,* is to review, monitor, administer and supervise all investment activities of the Province of Newfoundland and Labrador Pooled Pension Fund.

1.3 Legislation

While the plan provisions are governed by the specific enabling legislation for each plan and the *Pensions Funding Act*, pension plans, in general, are closely regulated and monitored by the Provincial pension authority under the *Pension Benefits Act, 1997* (PBA) and by the Canada Revenue Agency under the *Income Tax Act* (ITA). These regulatory bodies, jointly, provide for equitable treatment of all employees who participate in pension plans. Pension Benefit Standards legislation, which is established in the PBA, ensures that all employees under a plan receive similar or equal treatment, while the ITA establishes the level of tax assistance pension plans can provide to their members.

1.4 Lines of Business – Investment of Pension Plan Contributions

Ensure that the pension fund contributions are invested in a prudent manner to maximize investment returns on those contributions within reasonable risk tolerances.

1.5 Values

Inclusion: Each member of the PIC acknowledges each others' views and perspectives and has the right/opportunity to express their own.

Independence: Each member, while representing the interests of diverse stakeholders, recognizes that the decisions of the PIC are in the best interests of all stakeholders.

1.6 Primary Clients and Stakeholders

The primary clients and stakeholders for the PIC are both the active and retired members of the various pension plans.

1.7 Vision

The vision of the PIC is the reduction/elimination of the unfunded liability of the Government sponsored pension plans.

1.8 Mission

The mission statement identifies the priority focus areas of the PIC over the next planning cycle. Consistent with Government's strategic direction to improve the financial position of the Province, the PIC's mission is to maintain a long term investment strategy that will produce long term average investment returns in excess of those assumed by the Province's actuary in valuing the plans' liabilities, but with an acceptable level of risk. Excess returns will lead to a positive improvement in the funded ratio of the pension plans which will have a positive impact on the total debt of the Province. Over the next year, the PIC will continue to monitor the performance of the pension fund and make adjustments where necessary.

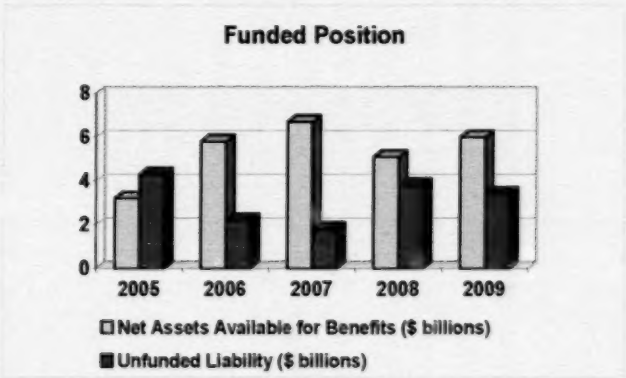
By 2010 the PIC will have continued to prudently managed the Pooled Pension Fund.

Measure: **Average annual performance of the pension fund in excess of the interest rate assumed by the actuary in measuring plan liabilities.**

Indicator: **Funded ratios of plans increase.**

1.9 Key Statistics

As of December 31, 2009, total Fund assets were $6.0 billion. The total unfunded liability was $3.4 billion. This compares to assets of $5.1 billion and an unfunded liability of $3.8 billion in 2008.



As detailed in the following table, Fund participation exceeded 65,000 members as of December 31, 2009.

Fund Participation as of December 31, 2009	
Active Members	37,269
Deferred Members	5,176
Pensioners	23,074
Total	**65,519**

1.10 Contributions and Payments

2009 Contributions and Payments	
Contributions:	
Contributions from Active Members	$162,338,000
Regular Employer Contributions	$159,212,000
Special Payments by Government	$100,181,000
Total Contributions:	$421,731,000
Payments:	
Pension Benefit Payments	$468,695,000
Refunds to Members	$19,639,000
Administrative Expenses	$15,724,000
Total Payments:	$504,058,000

2.0 Activities

The Fund was established as a vehicle to invest employee and employer pension plan contributions in the capital markets with a long term goal to achieve investment returns on those contributions sufficient to meet the cost of the pension obligations as they become due. As the obligations of the participating pension plans are not fully funded, any excess returns achieved in the portfolio will slow the growth in the unfunded portion.

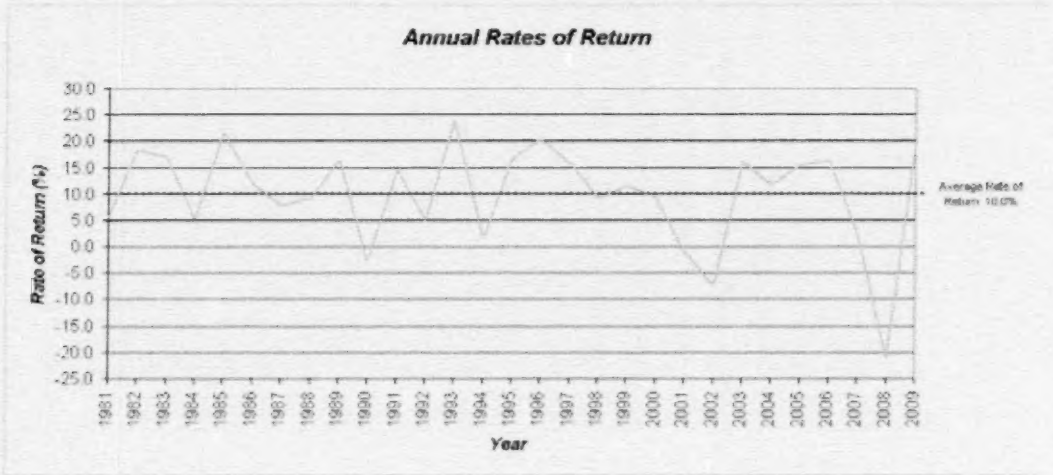
2.1 Issue

In evaluating the long term pension obligations of the Province, the Province's actuary currently uses a long term annual interest rate of 7.5% to discount the obligations. Similarly, in determining the cash flow requirements of the plans over the valuation period, the actuary assumes that the assets will achieve a similar rate of return. The PIC is mandated to develop and implement an investment strategy with the primary objective of securing the promised pension benefits at a manageable cost to both government and employees. The long term average targeted rate of return is currently 7.5%.

The PIC has implemented an asset mix policy and selected investment managers with a view to achieving annual investment returns that exceed the annual returns earned by the relevant capital market indices. It is hoped that this investment strategy will result in a long term return that exceeds the actuarial discount rate.

Asset Mix	*Actual (%)*		*Policy (%)*	
	2009	**2008**	**Target**	**Range**
Canadian Equities	37	35	35	40 – 50
U.S. Equities	20	18	20	10 – 20
Non North American Equities	20	17	20	10 – 20
Real Estate	3	2	5	-
Canadian Bonds	20	28	20	15 - 25

The current asset mix strategy of 75% equities, 20% fixed income and 5% real estate was adopted based on the plans' going concern funded ratio and the need to manage the growth of the unfunded liabilities. To further diversify the impact of investment volatility and enhance expected returns, equity and debt investments are allocated among broad asset classes. While returns in excess of the discount rate will not be achievable every year, since the inception of the Fund in 1981, the annual rate of return has averaged 10.0%.



2.2 2009 Objective

The PIC is mandated to develop a long term investment strategy with its primary goal to secure the promised pension benefits. On an annual basis, the PIC strives to achieve returns on assets that exceed the market returns of the various asset classes in which the Fund is invested.

Objective:	**By December 31, 2009, the Pooled Pension Fund will earn annual returns in excess of the market index for the relevant category of investments.**
Measure:	**Capital market returns i.e., the S&P TSX Composite Index; S&P 500 Index; MSCI/EAFE Index; the DEX Bond Index and the ICREIM/IPD Canadian Property Index.**
Indicator:	**Returns on investments in each category exceed the return of the relevant index.**

2.3 2009 Results

The recovery of global financial markets in 2009 had a significant impact on the Fund's performance. The Fund's return of 18.9% in 2009 was 1.7% above the policy benchmark of 17.2%. This added return was primarily driven by the U.S. Equity, Non-North American Equity and Canadian Bond managers who outperformed their benchmarks. The Canadian Equities and Real Estate (Newvest) categories were the only detractors. While the 30.4% return on Canadian Equities was quite favorable, it was 4.7% below the benchmark largely due to variances in the performance levels between sectors. The underperformance of the Real Estate (Newvest) portfolio can be attributed to the impact of the real estate markets on the appraised values of property holdings. The Fund's investment results for the five years ending December 31, 2005 to 2009 are presented below.

Investment Performance	*Annual Returns (%)*				
	2009	**2008**	**2007**	**2006**	**2005**
Total Fund	18.9	-21.0	2.5	16.4	15.4
*Policy Benchmark Return**	17.2	-20.6	1.9	15.8	15.0
Canadian Equities	30.4	-28.2	11.2	19.2	23.2
S&P/TSX Index	35.1	-33.0	9.8	17.3	24.1
U.S. Equity	11.7	-27.2	-10.1	14.3	6.5
S&P 500 Index	7.4	-21.2	-10.5	15.4	2.3
Non-North American Equity	17.4	-32.0	-6.4	27.1	12.7
MSCI EAFE Index	12.5	-28.8	-5.3	26.4	11.2
Real Estate (Newvest)	-10.3	1.6	21.8	16.8	13.0
ICREIM/IPD	-0.2	9.3	18.6	19.4	18.3
Canadian Bonds	9.7	5.9	3.8	4.3	6.6
DEX Bond Universe Index	5.4	6.4	3.7	4.1	6.5

*Policy Benchmark Return is defined as the rate of return which would have been earned had the fund been invested in securities identical to the various indices.

In summary, the rate of return on the portfolio for the year ended December 31, 2009 of 18.9% was 1.7% above the composite rate of return of 17.2% for the relevant capital market indices.

2.4 2010 Objective

By December 31, 2010, the Pooled Pension Fund will earn annual returns in excess of the market index for the relevant category of investments.

Measure: **Capital market returns i.e., the S&P TSX Composite Index; S&P 500 Index; MSCI/EAFE Index; the DEX Bond Index and the ICREIM/IPD Canadian Property Index.**

Indicator: **Returns on investments in each category exceed the return of the relevant index.**

2.5 2010 – The Year Ahead

Actuarial valuations will be completed for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan during 2010. Upon receiving these valuation reports, the PIC will conduct a review of the current asset mix policy to ensure that the Fund's investment strategy is positioned to maximize returns with an acceptable level of risk in order to meet the cash flow requirements of the plans over the next valuation period.

3.0 Province of Newfoundland and Labrador Pooled Pension Fund

Consolidated Financial Statements

December 31, 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2009 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at 31 December 2009 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 June 2010

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

31 December	2009	2008
	(000's)	(000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	$ 86,889	$ 79,197
Bonds and debentures	1,139,604	1,393,807
Equities - Canadian	2,224,657	1,713,657
- Foreign	2,391,252	1,773,325
Real estate (Note 3)	185,350	201,343
	6,027,752	5,161,329
Receivables		
Employee contributions	5,319	3,899
Employer contributions	5,013	3,770
Accrued investment income	12,535	15,799
Accounts receivable	568	987
	23,435	24,455
Cash	17,955	13,709
Prepaid expenses	187	238
Deferred charges	3,138	5,016
	6,072,467	5,204,747
LIABILITIES		
Accounts payable and accrued liabilities	8,194	9,940
Refunds payable	1,152	2,034
Due to Province of Newfoundland and Labrador	589	530
Mortgages payable (Note 4)	67,673	72,213
	77,608	84,717
NET ASSETS AVAILABLE FOR BENEFITS	$ 5,994,859	$ 5,120,030

See accompanying notes

Signed on behalf of the Fund:

Minister of Finance and President of Treasury Board
Trustee

Chairperson
Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended 31 December

	Public Service Pension Plan (000's)	Teachers' Pension Plan (000's)	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	Provincial Court Judges' Pension Plan (000's)	Total (000's)	2009 Total (000's)	2008 Total (000's)
Increase (decrease) in net assets from:								
Investments (Note 5)								
Investment income	$ 101,730	$ 76,550	$ 3,317	$ 364	$ 84	$ 182,045	$ 206,675	
Gain (loss) on sale of investments	(73,857)	(55,576)	(2,409)	(264)	(61)	(132,167)	(208,282)	
Current period change in market value of investments	507,002	381,509	16,534	1,815	418	907,278	(1,374,523)	
	534,875	402,483	17,442	1,915	441	957,156	(1,376,130)	
Contributions								
Employee	114,008	43,568	4,121	475	166	162,338	141,445	
Employer (Note 6)	113,433	41,342	3,936	331	170	159,212	135,147	
Special payments (Note 6)	-	-	100,000	-	181	100,181	-	
	762,316	487,393	125,499	2,721	958	1,378,887	(1,099,538)	
Other changes in net assets								
Pensions	(221,127)	(229,894)	(17,156)	(487)	(31)	(468,695)	(444,769)	
Refund of contributions with interest	(14,693)	(4,861)	(85)	-	-	(19,639)	(28,341)	
Administrative costs (Note 7)	(9,311)	(6,032)	(311)	(60)	(10)	(15,724)	(16,987)	
	(245,131)	(240,787)	(17,552)	(547)	(41)	(504,058)	(490,097)	
Total increase (decrease) in net assets	517,185	246,606	107,947	2,174	917	874,829	(1,589,635)	
Net assets available for benefits, beginning of year	2,849,509	2,209,366	49,576	9,531	2,048	5,120,030	6,709,665	
Net assets available for benefits, end of year	$ 3,366,694	$ 2,455,972	$ 157,523	$ 11,705	$ 2,965	$ 5,994,859	$ 5,120,030	

See accompanying notes

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador, the Legislature and various Crown corporations, agencies and commissions created by or under a statute of the Province.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE, up to a maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The calculated amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Where the calculated amount does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive a pension from the Supplementary Plan. The total pension received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on the number of years of pensionable service times 2% of the member's best five years average salary.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Where an employee with at least five years pensionable service dies before receiving a pension and there is no surviving principal beneficiary the commuted value of the employee's pension entitlement is paid to the employee's estate.

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and Labrador and full-time employees of the Newfoundland and Labrador Teachers' Association.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The calculated amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Where the calculated amount does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive a pension from the Supplementary Plan. The total pension received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Where an employee with at least five years pensionable service dies before receiving a pension and there is no surviving principal beneficiary the commuted value of the employee's pension entitlement is paid to the employee's estate.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the teacher to whom that pension or benefit relates retires after 31 August 1998.

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

(ii) Employee contributions

Employee contributions are equal to 9.95% of the CPP basic exemption, plus 8.15% of the employee's salary between the CPP basic exemption and the YMPE under the CPP, plus 9.95% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967.

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Where an employee with at least five years pensionable service dies before receiving a pension and there is no surviving principal beneficiary the commuted value of the employee's pension entitlement is paid to the employee's estate.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan for Members of the House of Assembly (MHAs). Members may elect not to participate in the Plan for their first term.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(ii) Member contributions

Members are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Member contributions cease after seventeen years of service if elected before or during the 43rd General Assembly and after twenty years of service if elected since that time.

On 22 December 2009, the Province amended the *Members of the House of Assembly Retiring Allowances Act*. This amendment provided that for Members elected prior to 1 January 2010, their pensionable salary effective 1 July 2007 would be equal to 81.2% of the salary authorized to be paid to an MHA under section 11(1) of the *House of Assembly Accountability, Integrity and Administration Act*. The pensionable salary for Members elected after 31 December 2009 would be the salary authorized under subsection 11(1) of the *House of Assembly Accountability, Integrity and Administration Act*.

(iii) Calculation of allowances on retirement

A vested Member who is no longer an MHA or a minister may, on application and subject to eligibility criteria, receive an allowance as follows:

For Members elected for the first time before or during the 43rd General Assembly, the percentage is calculated at 5% for each of the first ten years, 4% for each of the next five years, 2.5% for each of the next two years and 2% for each year of other service. Ministers receive an additional allowance calculated similarly and based on service and salary as a Minister (excluding Member's salary).

For Members elected for the first time after the 43rd General Assembly and prior to 1 January 2010, the percentage is 5% for each of the first ten years, 2.5% for each of the next ten years, and 2% for each year of other service.

On 22 December 2009, the Province amended the *Members of the House of Assembly Retiring Allowances Act*. These amendments provided for a new benefit accrual rate and new eligibility criteria for Members first elected to the House of Assembly after 31 December 2009. The annual accrual benefit rate for the new Member would be 3.5% to a maximum of 20 years service. The new Member would have to reach age 55 before being eligible for an unreduced pension. A new Member who retires between the ages of 50 and 54 would be eligible for a pension that would be reduced by 6% for each year that the Member is under the age of 55.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(iii) Calculation of allowances on retirement (cont.)

These allowances are paid as follows:

Under the Registered Plan the allowance is the product of 2% of MHA's and minister's salary for the best three calendar years. When a Member reaches age 65, the amount of the registered allowance is reduced by 0.6% of the Member's average YMPE times years of service between 1 January 1998 and 31 December 2004. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Where the calculated allowance does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested Member who is no longer an MHA or a minister can receive an allowance from the Supplementary Plan. The Member's supplementary allowance is reduced by the amount of his or her registered allowance. The annual allowance is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. When a Member reaches age 65, the amount of the supplementary allowance is reduced by 0.6% of the Member's average YMPE times years of service after 1 April 1967 (service between 1 January 1998 and 31 December 2004 excluded).

(iv) Disability allowance

A disability allowance equal to the amount of the registered allowance the Member would have been eligible to receive at 65 years of age is available if a Member becomes permanently disabled. Additional supplementary benefits are also available on disability.

(v) Survivor benefits

A survivor benefit equal to 60% of the Member's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(vi) Pre-retirement death benefits

If a Member dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the Member's entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan Member's estate.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(vii) Termination benefits

A Member who is no longer an MHA or a minister and who has been elected to only one general assembly or who has less than five years of service may elect to receive a refund of his or her contributions with interest.

A vested Member who is no longer an MHA or a minister may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, or receive a deferred registered allowance. Also, the Member may receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred supplementary allowance.

(e) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after 1 April 2002, and to a judge who elected on or before 1 April 2002 to join the Plan.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid to a vested judge on normal retirement is the product of 3.33% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years.

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada). The remaining allowance is paid from the Supplementary Plan.

Normal retirement date is the first day of the month following the judge's 65th birthday.

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(v) Pre-retirement death benefits

If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement. Where a survivor pension is not payable, the commuted value of the entitlement is paid to the deceased judge's estate.

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(vii) Indexing

Effective 1 October 2002 and each 1 October thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual allowance or survivor benefit.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity including the operations of its subsidiary Newvest Realty Corporation. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

1. Significant accounting policies (cont.)

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

(i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.

(ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.

(iii) Real estate income which is recognized on consolidation of Newvest Realty Corporation.

(iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

2. Investments

All investments are valued as follows:

(a) Short-term notes and deposits are valued at book value which approximates market value.

(b) Bonds and debentures are valued at the mean or the average price at the valuation date.

2. Investments (cont.)

(c) Publicly traded equities are valued using the mid day quote on the valuation date. In instances where the quoted stock has not been traded on valuation date, the last available traded price is used.

(d) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties are presented in these financial statements at their appraised values in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Limited Partnership. Any properties acquired by the Corporation in the current year have not been appraised and are therefore recorded at cost. Any increases or decreases in value resulting from the appraisal process are reflected in the Fund's financial statements on consolidation.

3. Real estate investments

The Fund's investment in real estate as at 31 December 2009, is comprised of real estate investments held by its wholly owned subsidiary, Newvest Realty Corporation, as follows:

	2009 (000's)	2008 (000's)
Assets		
Income producing properties (Appraised Value)	$ 185,350	$ 201,343
Other assets	11,980	15,723
Total assets	$ 197,330	$ 217,066
Liabilities and Equity		
Mortgages payable (Appreciated Value)	$ 67,673	$ 72,213
Other liabilities	7,142	6,372
Shareholder's equity	122,515	138,481
Total liabilities and equity	$ 197,330	$ 217,066
Income, Expenses and Shareholder's Equity		
Income	$ 20,740	$ 20,460
Operating expenses	(7,622)	(7,404)
Operating income (at cost)	13,118	13,056
Other expenses	(5,168)	(8,033)
Net income for the year (at cost)	7,950	5,023

3. Real estate investments (cont.)

	2009 (000's)	2008 (000's)
Current period change in market value of income producing properties	(19,556)	(4,959)
Current period change in market value of mortgages	440	176
	(19,116)	(4,783)
Net income (loss) for the year (at appraised and appreciated values)	(11,166)	240
Shareholder's equity, beginning of year	138,481	111,771
Shares issued for cash	-	39,270
Shares cancelled for cash	-	(9,760)
Dividends declared	(4,800)	(3,040)
Shareholder's equity	$ 122,515	$ 138,481

4. Mortgages payable

Mortgages payable represent financing obtained by the Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Appreciated value is the mortgage's market value based on the discounted future cash payments using current or similar market interest rates. Details are as follows:

	2009		2008	
	Principal Value (000's)	Appreciated Value (000's)	Principal Value (000's)	Appreciated Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $26,705, including interest calculated at a rate of 5.58% per annum, maturing 1 July 2012, secured by a conventional first mortgage, a general security agreement, and a general assignment of rents.	$ 4,133	$ 4,268	$ 4,223	$ 4,297

4. Mortgages payable (cont.)

	2009		2008	
	Principal Value (000's)	**Appreciated Value (000's)**	Principal Value (000's)	Appreciated Value (000's)
(b) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	**18,880**	**18,879**	19,421	19,820
(c) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of $115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014, secured by a freehold first mortgage and charge on the property, a general security agreement, a first general assignment of rents, and a first specific assignment of a tenant lease.	**16,362**	**16,688**	16,808	17,022
(d) 2001 Bantree, Ottawa, Ontario. Mortgage (50% interest), held by Equitable Life, repayable in monthly installments of $38,816, including interest calculated at a rate of 5.09% per annum, maturing 1 August 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a first specific assignment of leases, a first general security agreement of assets of the property, and assignment of insurance proceeds and endorsements to all policies.	**5,975**	**5,884**	6,135	5,970

4. Mortgages payable (cont.)

	2009		2008	
	Principal Value (000's)	**Appreciated Value (000's)**	Principal Value (000's)	Appreciated Value (000's)
(e) Thunder Centre, Thunder Bay, Ontario. Mortgage (50% interest), held by CIBC, repayable in monthly installments of $53,718, including interest calculated at a rate of 5.743% per annum, maturing 1 September 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a specific assignment of leases, assignment of the head lease with the vendor, and assignment of the letter of credit relative to the head lease.	**7,844**	**7,950**	8,037	8,037
(f) Centre 5735, Calgary, Alberta. Mortgage, held by Equitable Life, repayable in monthly installments of $26,630, including interest calculated at a rate of 5.28% per annum, maturing 1 December 2016, secured by a first mortgage and charge on the property, and a general security agreement.	**4,174**	**4,105**	4,273	4,142
(g) 4500 Chemin Bois Franc, St. Laurent, Quebec. Mortgage, held by TD Canada Trust, repayable in full on 26 January 2009 at an amount of $2,401,000, including interest calculated at a rate of 5.40% per annum.	-	-	2,401	2,401
(h) Faubourg Bois Franc, St. Laurent, Quebec. Mortgage, held by CIBC Mortgages Inc., repayable in monthly installments of $57,238, including interest calculated at a rate of 5.00% per annum, maturing 1 September 2017, secured by a first hypothec for registration against title to the properties in the amount of $10,725,000, a general immovable hypothec of rents being a first priority interest in rents payable and the insurance indemnities on such rents, a movable hypothec of the lease(s), and a movable hypothec in the amount of $10,725,000 being a first priority interest in all present and future personal or movable property corporeal or incorporeal of the Borrower.	**10,354**	**9,899**	10,524	10,524
	$ 67,722	**$ 67,673**	$71,822	$ 72,213

4. Mortgages payable (cont.)

Annual principal repayments totalling $43.0 million (2008 - $32.0 million) to be made during the next five years are as follows:

	(000's)
2010	$ 20,101
2011	1,290
2012	5,193
2013	1,325
2014	15,117
	$ 43,026

5. Increase (decrease) in net assets, investments

	Investment income	Gain (loss) on sale of investments	Current period change in market value of investments	2009 Total	2008 Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Canadian common equities	$ 54,812	$ (24,486)	$ 506,269	$ 536,595	$ (715,034)
Foreign common equities	57,778	(140,864)	400,128	317,042	(747,865)
Bonds and debentures	60,343	33,555	20,035	113,933	77,223
Short-term notes and deposits	1,162	(372)	(38)	752	9,306
Real estate	7,950	-	(19,116)	(11,166)	240
	$ 182,045	$ (132,167)	$ 907,278	$ 957,156	$(1,376,130)

6. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. Matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 9).

Also, the Province is required to pay into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

Pursuant to a commitment made to the Newfoundland and Labrador Association of Public Employees during the negotiation of the Correctional Officers' Collective Agreement and under the authority of section 22(f) of the *Financial Administration Act*; in July 2009 the Province made a special payment of $100 million to reduce the Province's unfunded pension liability related to the Uniformed Services Pension Plan.

In April 2009, the Province made a special payment of $181,278 to fully fund the unfunded pension liability noted in the 31 December 2007 Actuarial Report for the registered portion of the Provincial Court Judges' Pension Plan.

7. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based on a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs were comprised as follows:

	2009 (000's)	2008 (000's)
Investment management, consulting and custodial fees	$ 12,890	$ 14,348
Salaries and benefits	2,169	1,828
Computer charges	209	269
Other expenses	249	226
Medical and professional fees	119	172
Actuarial consulting fees	88	144
	$ 15,724	$ 16,987

8. Teachers' Indexing Fund

The total fund balance relating to the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2009 the increase and decrease in the net assets of the Fund related to the Teachers' Indexing Fund and the closing balance, along with the closing balance of the Fund related to the Teachers' Regular Fund, are comprised as follows:

8. Teachers' Indexing Fund (cont.)

	2009 (000's)	2008 (000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	$ 7,163	$ 6,348
Investment income (loss)	8,049	(9,480)
	15,212	(3,132)
Decreases in net assets		
Pensions	22	14
Administrative costs	121	108
	143	122
Increase (decrease) in net assets	15,069	(3,254)
Teachers' Indexing Fund balance, beginning of year	39,136	42,390
Teachers' Indexing Fund balance, end of year	54,205	39,136
Teachers' Regular Fund balance	2,401,767	2,170,230
Teachers' Pension Plan combined balance	$ 2,455,972	$ 2,209,366

9. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table. In addition, the table shows the unfunded liabilities for each plan as extrapolated by the actuaries to 31 December 2009.

		At Valuation Date			Extrapolated Unfunded Liability at 31 December 2009	Extrapolated Unfunded Liability at 31 December 2008
Plan	Valuation Date	Actuarial Present Value	Asset Value	Unfunded Liability		
		(000's)	(000's)	(000's)	(000's)	(000's)
Public Service Pension Plan	12/31/2006	$ 4,464,970	$ 2,630,150	$ 1,834,820	$ 2,042,350	$ 2,210,170
Teachers' Pension Plan	08/31/2006	3,344,950	2,750,940	594,010	1,193,380	1,342,890
Uniformed Services Pension Plan	12/31/2005	269,590	62,530	207,060	159,700	253,250
Members of the House of Assembly Pension Plan	12/31/2006	9,820	11,220	(1,400)	1,700	2,620
Provincial Court Judges' Pension Plan	12/31/2007	2,331	2,165	166	270	650
		$ 8,091,661	$ 5,457,005	$ 2,634,656	$ 3,397,400	$ 3,809,580

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2009, the total estimated value of payments to be received on these contracts is $7.5 million (2008 - $4.3 million).

10. Related party transactions

The following related party investments were held by the Fund as at 31 December 2009:

Description	Face Value (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Series maturing 17 October 2033	$ 8,032	$ 8,736
Newfoundland and Labrador Hydro Debentures - Maturing 14 July 2017	912	1,285
	$ 8,944	$ 10,021

11. Portfolio management

In accordance with an agreement dated 28 September 2008, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and CIBC Mellon Global Securities Services, custodial and administrative services for the Fund were performed by CIBC Mellon Global Securities Services, as agent for the Trustee.

As at 31 December 2009, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
Bentall Limited Partnership
Beutel, Goodman & Company Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Genus Capital Management Inc.
Jacobs Levy Equity Management Inc.
Phillips, Hager & North Investment Management Ltd.
Sanford C. Bernstein and Company, LLC
Sprucegrove Investment Management Ltd.
Systematic Financial Management Limited Partnership
UBS Global Asset Management (Canada) Co.

12. Financial instruments

The Fund's financial instruments recognized in the Consolidated Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and receivables, cash, accounts payable and accrued liabilities, refunds payable, due to Province of Newfoundland and Labrador, and mortgages payable, the carrying values of which approximate current fair value due to their nature and the terms and conditions of those instruments.

13. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

4.0 Contact Information

Pension Investment Committee
c/o Department of Finance
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Telephone: (709) 729-3931
Fax: (709) 729-6790

Websites:
www.fin.gov.nl.ca/fin
www.fin.gov.nl.ca/fin/government_employee_benefits/pensions/index.html